

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

NEUROGEN CORP

CIK: **849043** | IRS No.: **222845714** | State of Incorporation: **DE** | Fiscal Year End: **1231**
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Mailing Address

35 NORTHEAST INDUSTRIAL
RD
BRANFORD CT 06405

Business Address

35 NORTHEAST INDUSTRIAL
RD
BRANFORD CT 06405
2034888201

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

August 3, 2006
Date of Report (Date of earliest event reported)

NEUROGEN CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

0-18311
(Commission File Number)

22-2845714
(I.R.S. Employer Identification No.)

35 Northeast Industrial Road
Branford, Connecticut 06405
(Address of principal executive offices) (Zip Code)

(203) 488-8201
(Registrant's telephone number, including area code)

None
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On August 3, 2006, Neurogen Corporation issued a press release announcing its results of operations for the second quarter ended June 30, 2006. The information contained in Exhibit 99.1 is incorporated herein by reference.

The information in this Current Report (including Exhibit 99.1) is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed

incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing to this Item 2.02.

Item 9.01 *Financial Statements and Exhibits*

(c) Exhibits

99.1 Press release dated August 3, 2006.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NEUROGEN CORPORATION
(Registrant)

By: /s/ STEPHEN R. DAVIS

Name: Stephen R. Davis
Title: Executive Vice President and
Chief Operating Officer

Date: August 3, 2006

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release dated August 3, 2006.



For Immediate Release

Contact:
 Elaine Grimsell Dodge
 Neurogen Corp.
 203-315-4615
edodge@nrgn.com

**NEUROGEN CORPORATION ANNOUNCES
 SECOND QUARTER 2006 FINANCIAL RESULTS**

Branford, CT, August 3, 2006 — Neurogen Corporation (Nasdaq: NRGN), a drug discovery and development company, today announced financial results for the three and six month periods ended June 30, 2006.

Neurogen recognized a net loss for the second quarter of 2006 of \$12.5 million, or \$0.36 per share on 34.5 million weighted average shares outstanding. This compares to a net loss during the second quarter of 2005 of \$8.9 million, or \$0.26 per share on 34.3 million weighted average shares outstanding. The Company recognized a net loss for the six months ended June 30, 2006 of \$26.9 million, or \$0.78 per share on 34.5 million weighted average shares outstanding, as compared to a net loss of \$16.9 million, or \$0.49 per share on 34.3 million weighted average shares outstanding, for the comparable period of 2005.

The increase in net loss reflects the impact of increased spending in Neurogen's clinical and preclinical drug development programs. Also impacting results was the adoption on January 1, 2006 of Statement of Financial Accounting Standards 123R, "Share-based Payment" (SFAS 123R), which resulted in a non-cash operating expense of approximately \$1.2 million, or an effect of approximately \$0.03 per share for the second quarter of 2006 and of approximately \$2.5 million, or an effect of approximately \$0.07 per share, for the six month period.

Neurogen's total cash and marketable securities as of June 30, 2006 totaled \$90.2 million and as of December 31, 2005 totaled \$115.4 million.

William H. Koster, Ph.D, President and CEO said, "I'm pleased with the forward momentum across our portfolio of programs in insomnia, pain, depression, and obesity during the quarter. In particular, we've taken significant steps forward in our insomnia clinical program, where we're continuing to advance our internally discovered, partial agonist NG2-73 in Phase II human testing. In addition, Phase I studies in our VR1 collaboration with Merck are progressing.

"In May we had exciting results regarding our 369 patient Phase II trial in transient insomnia. We met the primary endpoint, latency to persistent sleep, with robust statistical significance. These data suggest that NG2-73 could have a very fast sleep onset at therapeutic doses. Combining the results of this trial in which we have done extensive exposure-response analysis, with the results of an earlier pharmacokinetic-pharmacodynamic (PK/PD) Phase I study comparing the sedative properties of NG2-73 to Ambien™, we have narrowed our focus on the therapeutic dose range, which we'll be taking into subsequent studies. As in our previous Phase I studies, NG2-73 was very well-tolerated in the Phase II trial."

Operating revenue for the second quarter of 2006 decreased 7% to \$1.8 million from \$2.0 million for the second quarter of 2005 and for the six months ended June 30, 2006 increased to \$5.6 million compared to \$3.9 million for the comparable period of 2005. The decrease in operating revenue for the current quarter is due primarily to a decrease in research funding, as specified under the Company's collaboration with Merck (NYSE: MRK) to discover and develop VR1-based drugs for pain and other indications. The increase for the six month period is due primarily to the receipt, in the first quarter of 2006, of a \$2 million clinical milestone payment from Merck when the Company's VR1 antagonist NGD 8243 entered Phase I testing.

Research and development expenses for the second quarter of 2006 increased 28% to \$11.8 million from \$9.3 million in the second quarter of 2005 and for the six month period increased to \$27.6 million from \$17.5 million in the comparable period of 2005.

The increase in R&D expenses for the quarter and six month periods is due mainly to increased spending in Neurogen's proprietary clinical and preclinical programs for insomnia, depression, and obesity. Also impacting the current quarter was a \$0.8 million non-cash operating expense due to the adoption of SFAS 123R.

General and administrative expenses for the second quarter of 2006 increased 32% to \$3.2 million, compared to \$2.4 million for the same period in 2005 and for the six month period increased to \$6.2 million from \$5.0 million for the comparable period of 2005. The increase for the current quarter was due primarily to a \$0.4 million non-cash operating expense due to the adoption of SFAS 123R and to increased salaries and employee benefits.

Webcast

The Company will host a conference call and webcast to discuss second quarter results at 10:00 a.m. EDT today, August 3, 2006. The webcast will be available in the Investor Relations section of www.neurogen.com and will be archived on the website until December 31, 2006. A replay of the call will be available after 1:00 pm EDT on August 3, 2006 and accessible through the close of business, August 18, 2006. To replay the conference call, dial 888-286-8010, or for international callers, 617-801-6888, and use the pass code: 87881864.

About Neurogen Corporation

Neurogen Corporation is a drug discovery and development company focusing on small molecule drugs to improve the lives of patients suffering from disorders with significant unmet medical need, including insomnia, pain, depression, obesity, and inflammation. Neurogen has generated a portfolio of compelling new drug candidates through its Accelerated Intelligent Drug Discovery (AIDD™) system, its expertise in cellular functional assays, and its depth in medicinal chemistry. Neurogen conducts its research and development independently and, when advantageous, collaborates with world-class pharmaceutical companies.

Safe Harbor Statement

The information in this press release contains certain forward-looking statements, made pursuant to applicable securities laws, that involve risks and uncertainties as detailed from time to time in Neurogen's SEC filings, including its most recent 10-K. Such forward-looking statements relate to events or developments that we expect or anticipate will occur in the future and include, but are not limited to, statements that are not historical facts relating to the timing and occurrence of anticipated clinical trials, and potential collaborations or extensions of existing collaborations. Actual results may differ materially from such forward-looking statements as a result of various factors, including, but not limited to, risks associated with the inherent uncertainty of drug research and development, difficulties or delays in development, testing, regulatory approval, production and marketing of any of the Company's drug candidates, adverse side effects or inadequate therapeutic efficacy or pharmacokinetic properties of the Company's drug candidates or other properties of drug candidates which could make them unattractive for commercialization, advancement of competitive products, dependence on corporate partners, the Company's ability to retain key employees, sufficiency of cash to fund the Company's planned operations and patent, product liability and third party reimbursement risks associated with the pharmaceutical industry. For such statements, Neurogen claims the protection of applicable laws. Future results may also differ from previously reported results. For example, positive results or safety and tolerability in one clinical study provides no assurance that this will be true in future studies. Neurogen disclaims any intent and does not assume any obligation to update these forward-looking statements, other than as may be required under applicable law.

(Financial Tables to Follow)

NEUROGEN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share data)
(unaudited)

	Three Months Ended <u>June 30, 2006</u>	Three Months Ended <u>June 30, 2005*</u>	Six Months Ended <u>June 30, 2006</u>	Six Months Ended <u>June 30, 2005*</u>
Operating revenues:				
License fees	\$1,115	\$906	\$2,230	\$1,813
Research revenues	<u>700</u>	<u>1,050</u>	<u>3,400</u>	<u>2,100</u>
Total operating revenues	1,815	1,956	5,630	3,913
Operating expenses:				
Research and development	11,803	9,251	27,632	17,508
General and administrative	<u>3,167</u>	<u>2,393</u>	<u>6,185</u>	<u>4,952</u>
Total operating expenses	14,970	11,644	33,817	22,460
Operating loss	(13,155)	(9,688)	(28,187)	(18,547)
Other income, net	626	817	1,315	1,610
Net loss	<u><u>\$(12,529)</u></u>	<u><u>\$(8,871)</u></u>	<u><u>\$(26,872)</u></u>	<u><u>\$(16,937)</u></u>
Basic and diluted loss per share	<u><u>\$(0.36)</u></u>	<u><u>\$(0.26)</u></u>	<u><u>\$(0.78)</u></u>	<u><u>\$(0.49)</u></u>
Shares used in calculation of loss per share:				
Basic and diluted	<u><u>34,534</u></u>	<u><u>34,276</u></u>	<u><u>34,492</u></u>	<u><u>34,260</u></u>

* Certain reclassifications have been made to the three month and six month periods ended June 30, 2005 to conform to the 2006 presentation.

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NEUROGEN CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)
(unaudited)

	June 30, 2006	December 31, 2005
Assets		
Cash and cash equivalents	\$22,330	\$11,241
Marketable securities	67,867	104,119
Total cash and marketable securities	90,197	115,360
Receivables from corporate partners	101	157
Other current assets, net	1,667	2,892
Total current assets	91,965	118,409
Net property, plant and equipment	27,822	28,268
Other assets, net	69	87
Total assets	\$119,856	\$146,764
Liabilities and Stockholders' Equity		
Current liabilities		
Unearned revenue from corporate partners	\$4,458	\$5,158
Other current liabilities	8,079	7,788
Total current liabilities	12,537	12,946
Long term liabilities		
Unearned revenue from corporate partners, net of current portion	6,651	8,880
Loans payable, net of current portion	9,706	10,430
Total liabilities	28,894	32,256
Total stockholders' equity	90,962	114,508
Total liabilities and stockholders' equity	\$119,856	\$146,764

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